

# School Employees' Retirement System (SERS) Plan 2

## Member's Benefit Estimate Worksheet

This worksheet should answer some of the questions you may have regarding how your SERS Plan 2 retirement benefit is calculated. To assist you in completing the worksheet, we have included an example of "John Doe's" retirement calculation. Please keep in mind that the results of this retirement benefit estimate are only estimated benefits based on projected salary and service credit. Your actual benefit will probably be somewhat different.

You can retire from SERS Plan 2 when you meet one of the following criteria:

- Age 65 with at least five service credit years
- Age 55 with at least 20 service credit years (Benefit will be actuarially reduced. See table on page 3.)

### How service credit is counted

You earn

1 month of service credit



When you

receive pay for at least 90 hours in a month (includes paid sick leave and vacation).

.50 month of service credit



receive pay for at least 70 but less than 90 hours in a month

.25 month of service credit



receive pay for at least 1 but less than 70 hours in a month.

*If you work at least 9 months during a school year (September 1 - August 31)*

12 months of service credit



when you earn service credit in the month of September and you are compensated for time in at least 9 months and receive compensation for at least 810 hours during the school year.

6 months of service credit



when you are compensated for time in at least 9 months and receive compensation for at least 630 hours but less than 810 hours during the school year.

**Note:** If you are actively employed during the year you choose to retire, you must retire effective September 1, with a separation date of August 31, in order to receive a full year of service credit for the year.

Step 1: Determine your anticipated date of retirement.	You	John Doe
		9 years
1. I will retire _____ years from now:		
Step 2: Determine your total service credit years at the time you retire.		
2a. My current balance of service credit years:		22
2b. The number of years until my retirement date:		9
2c. My projected service credit at retirement (2a + 2b):		22 + 9 = 31

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	You	John Doe
<b>Step 3: Estimate your Average Final Compensation.</b> 3. The average of my 60 consecutive highest paid service credit months is my Average Final Compensation or AFC.* *Lump sum payments for unused sick, vacation, or annual leave cannot be included in the AFC. Depending on how far off your projected retirement date is (step 2b), your actual salary and AFC may differ from its current level. You may wish to estimate your future salary, then figure an AFC based on those figures.		\$3,334 per month
<b>Step 4: Compute your Standard benefit.</b> Also known as Option 1, the standard benefit provides the highest monthly benefit and stops when the retiree dies. At death, the remaining balance in the retiree's account, if any, plus the unpaid portion of the final monthly benefit, would be paid to the beneficiary.  The Formula for the Standard Benefit: $2\% \times \text{service credit years} \times \text{AFC} / 12 = \text{monthly benefit}$  4a. My projected service credit years (2c) times 2%=		31 x .02 = .62
4b. My AFC (3) times 4a = Standard monthly benefit:		\$3,334 x .62 = \$2,067
<b>Step 5: Determine your benefit if you choose a Survivor Payment Option.</b> There are three Survivor options available. Under each of the options, the retiree receives an actuarial reduction of the Standard Benefit. The reduction is based on the joint life expectancy of you and your beneficiary. Use Table 1 on Page 3 to find your reduction factor, then calculate your benefit.		
5a. Determine the age difference between you and your beneficiary. Round to the nearest year. (John is one year older than his beneficiary.)		60 - 59 = 1 year
5b. Option 2 -- When retiree dies, the survivor receives a benefit worth 100% of the retiree's benefit -- Use the reduction factor from Table 1 to determine the monthly benefit. (4b x reduction factor = reduced benefit that the retiree receives)		Option 2 benefit $\$2,067 \times .773 = \$1,597.79$ survivor gets \$1,597.79
5c. Option 3 When retiree dies, the survivor receives a benefit worth 50% of the retiree's benefit -- Use the reduction factor from Table 1 to determine the benefit. (4b x reduction factor = reduced benefit that the retiree receives)		Option 3 benefit $\$2,067 \times .872 = \$1,802.42$ survivor gets \$901.21

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5d. Option 4 When retiree dies, the survivor receives a benefit worth 66.67% of the retiree's benefit -- Use the reduction factor from Table 1 to determine the benefit. (4b x reduction factor = from reduced benefit that the retiree receives)	You	John Doe
		Option 4 benefit \$2,067 x .836 = \$1728.01 survivor gets \$1152.06
<b>Step 6: Calculating a reduction for early retirement.</b>		
6a. Calculate your benefit the same as you would for a standard option benefit. (See Step 4.) For purposes of this example, let's say John decides to retire at 60.		31 x .02 = .62 \$3,334 x .62 = \$2,067
6b. Multiply the monthly benefit by the corresponding reduction factor from table 2.		\$2,067 x .85 = \$1,757 per month

### Table 1: Survivor Benefit Options

	Age Difference	Option 2 100%	Option 3 50%	Option 4 66.67%
Member Younger	-15	0.930	0.964	0.952
	-14	0.926	0.961	0.949
	-13	0.921	0.959	0.946
	-12	0.917	0.956	0.943
	-11	0.912	0.954	0.939
	-10	0.907	0.951	0.936
	-9	0.901	0.948	0.932
	-8	0.896	0.945	0.928
	-7	0.890	0.942	0.924
	-6	0.885	0.939	0.920
	-5	0.879	0.935	0.916
Member Older	-4	0.873	0.932	0.911
	-3	0.863	0.927	0.905
	-2	0.853	0.920	0.897
	-1	0.834	0.909	0.883
	0	0.799	0.888	0.857
	1	0.773	0.872	0.836
	2	0.760	0.864	0.826
	3	0.748	0.856	0.816
	4	0.741	0.851	0.811
	5	0.734	0.846	0.805
	6	0.726	0.841	0.799
	7	0.719	0.836	0.793
	8	0.712	0.832	0.787
	9	0.705	0.827	0.782
	10	0.698	0.822	0.776
	11	0.692	0.818	0.771
	12	0.685	0.813	0.766
	13	0.679	0.809	0.760
	14	0.673	0.805	0.755
	15	0.667	0.800	0.750
	16	0.662	0.796	0.746
	17	0.656	0.792	0.741
	18	0.651	0.789	0.737
	19	0.646	0.785	0.732
	20	0.641	0.781	0.728

**NOTE:** If you choose a Survivor Payment Option, but your beneficiary dies before you, the benefit amount is increased to a single life time benefit level (Standard Option).

### Table 2 Early Retirement Factors

Your age at retirement	Benefit as a percentage of your age 65 benefit	
	at least 20, less than 30 service credit years	30 or more years of service credit
55 years	37%	70%
56	40%	73%
57	43%	76%
58	49%	79%
59	52%	82%
60	61%	85%
61	67%	88%
62	73%	91%
63	82%	94%
64	91%	97%
65	100%	100%